Gorse Stacks Development Limited

Report and Financial Statements

30 September 2006

Ernst & Young

FRIDAY

ABHDTM5Z

A08 12/01/2007 77

COMPANIES HOUSE

Registered No: 04351332

Directors

G Watkin Jones
M Watkin Jones

Secretary

G P A Dexter (Resigned 31 December 2005)
PM Byrom (Appointed 31 December 2005)

Auditors

Ernst & Young LLP
Silkhouse Court
Tithebarn Street
Liverpool
L2 2LE

Registered Office

Units 21-22
Llandygai Industrial Estate
Bangor
Gwynedd
LL57 4YH

Directors' report

The directors present their report and accounts for the company for the year ended 30 September 2006.

Principal activities and review of the business

The company's principal activity is that of property developer. During the year the company progressed with and obtained planning consent for a major residential development at the historic Gorse Stacks site in the centre of Chester. Various site enabling works were also undertaken. Construction of the development is expected to commence in the coming year.

Results and dividends

The profit for the period after taxation amounted to £nil. (2005: £nil). The directors do not recommend the payment of a dividend.

Directors and their interests

The directors of the company at 30 September 2006 were those listed on page 1.

The interests of the directors in the share capital of the ultimate parent undertaking, Watkin Jones Group Limited (formerly Towerloom Limited), are shown in that company's accounts. The directors did not have any interests in the share capital of the company during the period.

Watkin Jones Group Limited has granted options to subscribe for ordinary shares of 1p each at par in the parent company, Watkin Jones Group Limited, to the following directors:

	At start of period *No.*	*Granted during the period* *No.*	*At end of period* *No.*
M Watkin Jones	37,500	-	37,500

The options are exercisable by the grantee at any time up to 2011.

Director's statement as to disclosure of information to auditors

In accordance with Section 234ZA of the Companies Act 1985, each of the directors listed on page 1 who were in office at the end of the period confirm that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board

P. M. By

P M Byrom
Secretary

15 December 2006

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

ERNST & YOUNG

Independent auditors' report

to the members of Gorse Stacks Development Limited

We have audited the company's financial statements for the year ended 30 September 2006 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 7. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

In addition we report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of Gorse Stacks Development Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its result for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Liverpool
15 December 2006

Profit and loss account

For the year ended 30 September 2006

		2006 £	2005 £
Turnover		-	-
Cost of sales		-	-
Gross profit			
Administrative expenses		-	-
Operating profit		-	-
Interest payable and similar charges		-	-
Profit on ordinary activities before taxation		-	-
Tax on profit on ordinary activities		-	-
Profit for the financial period	5	-	-

ERNST & YOUNG

Statement of total recognised gains and losses

For the year ended 30 September 2006

There were no recognised gains or losses in either the current or previous year.

Balance Sheet

At 30 September 2006

		2006	2005
		£	£
Current assets			
Development land		2,395,849	1,396,606
Cash at bank and in hand		-	9
		2,395,849	1,396,615
Creditors: amounts falling due within one year	3	2,395,848	1,396,614
Net current assets		1	1
Capital and reserves			
Called-up share capital	4	1	1

G Watkin Jones
Director
15 December 2006

Notes to the accounts

At 30 September 2006

1. Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover is the total amount receivable by the company in the ordinary course of business for goods supplied as a principal and for services provided, excluding VAT and trade discounts. In the case of long-term contracts, turnover reflects the contract activity of the year.

Turnover is wholly attributable to the company's continuing activity in the United Kingdom.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value. Cost represents all costs incurred in purchasing and developing property. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Long term contract work

Profit is accounted for once the outcome of a contract can be assessed with reasonable certainty and is based on the appropriate stage of completion of the contract.

Costs incurred to carry out the work on long term contracts are matched with long term contract work included in turnover. Where costs cannot be matched with contract work accounted for as turnover, such amounts are included in stock.

Full provision is made for losses on all contracts in the year in which they are first foreseen, irrespective of the amount of work carried out at the balance sheet date.

Notes to the accounts

At 30 September 2006

2. Directors' emoluments

There have not been any directors' emoluments paid during the year or the previous period. There were no employees of the company apart from the directors.

3. Creditors: amounts falling due within one year

	2006	2005
	£	£
Bank loan	710,224	747,695
Amount owed to immediate parent company	60,572	648,919
Amount owed to fellow group company	1,625,052	-
	2,395,848	1,396,614

The bank loan is repayable on demand and has been guaranteed by Watkin Jones & Son Limited up to a maximum of £2,000,000.

4. Share capital

	2006	2005
	£	£
Authorised		
Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	1	1

5. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss account	Total
	£	£	£
1 October 2005	1	-	1
Result for the year	-	-	-
At 30 September 2006	1	-	1

6. Immediate and ultimate parent company

The immediate parent company is Newmark Developments Limited.

The ultimate parent company is Watkin Jones Group Limited (formerly Towerloom Limited). Copies of its group accounts, which include the company, are available from its registered office: Units 21-22, Llandygai Industrial Estate, Bangor, Gwynedd, LL57 4HY.

Advantage has been taken of the exemption provided by FRS 8 'Related Party Transactions' and transactions with other group undertakings have not been disclosed in the accounts.

Notes to the accounts

At 30 September 2006

7. Contingent liabilities

The company is a party to counter indemnities in respect of performance bonds entered into by other group companies with HCC International Plc and the Electrical Contractors' Insurance Company Limited which amounted to £419,016 at 30 September 2006 (2005 £149,000).